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GARDNER, CARTON & DOUGLAS

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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December 8, 1993

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

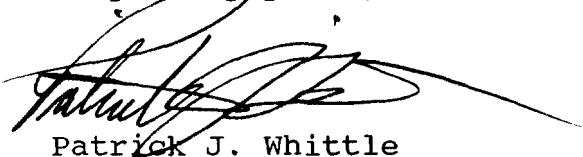
Re: Ex Parte Contact, CC Docket No. 92-77

Dear Mr. Caton:

Today, the undersigned met, on behalf of American Express Company ("American Express") with Mark Nadel of the Common Carrier Bureau. Accompanying the undersigned were Amy Zirkle and Jerry Thomas of American Express. We discussed positions previously taken by American Express in the above-referenced docket, as elaborated and supplemented in written materials (copies attached) which were provided to and discussed with Mr. Nadel.

Please associate this letter with the public file in this docket. Thank you.

Very truly yours,



Patrick J. Whittle

Attachments

cc: Mark Nadel

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BILLED PARTY PREFERENCE -- PROBLEMS AND PITFALLS
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I. The Benefits of Billed Party Preference Will Prove Largely Illusory Unless Steps Are Taken To Provide Consumers A Broad Choice On A Uniform Basis.

- A. Consumers today have a broad choice of providers and billing mechanisms.
- B. Pursuing "convenience" on a non-uniform basis will favor some consumer choices over others, to the detriment of true choice.
- C. Pursuing "convenience" on a non-uniform basis will cause enormous consumer confusion, which would more than offset the arguable gains in convenience from BPP.

II. The First Level Of Uniformity: InterLATA vs. IntraLATA.

- A. As currently envisioned, the processing and billing of interLATA and intraLATA 0+ calls would be completely different.
- B. Contrary to the goal of the rulemaking, customers using 0+ dialing would not know what carrier they would be connected with unless they knew whether their call was intra- or interLATA.
- C. Nonuniformity of processing between intra- and interLATA calls is likely to make the use of commercial credit cards and regional carrier cards non-viable, because it would require the card issuer to negotiate contracts with 1400-odd LECs.
- D. Because the use of commercial credit cards and/or regional carrier cards on intraLATA calls is likely to be nonviable, the result will be to increase customer confusion and frustration and to penalize the customer's choice to use such billing mechanisms.

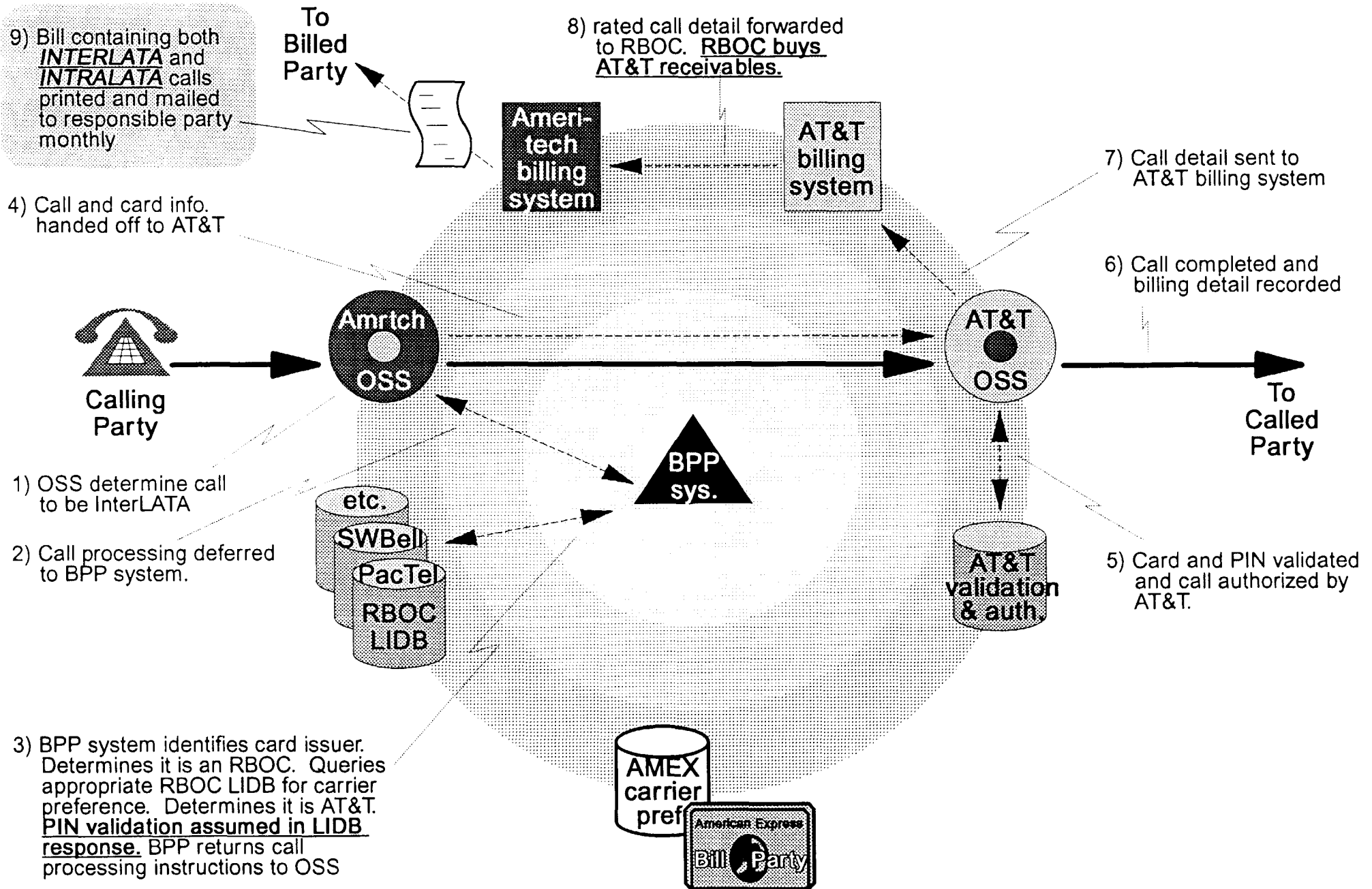
III. The Second Level Of Uniformity: Ubiquity and Simultaneity.

- A. The 0+-using segment of the public is by definition a largely peripatetic one.
- B. Therefore inconsistent BPP treatment around the country will increase confusion among such users and make most of them likely to avoid rather than embrace 0+ calling.
- C. Even if BPP is ultimately ubiquitous and uniform, a cutover to BPP that is not contained within a short time frame will nevertheless create the same problem of customer confusion.

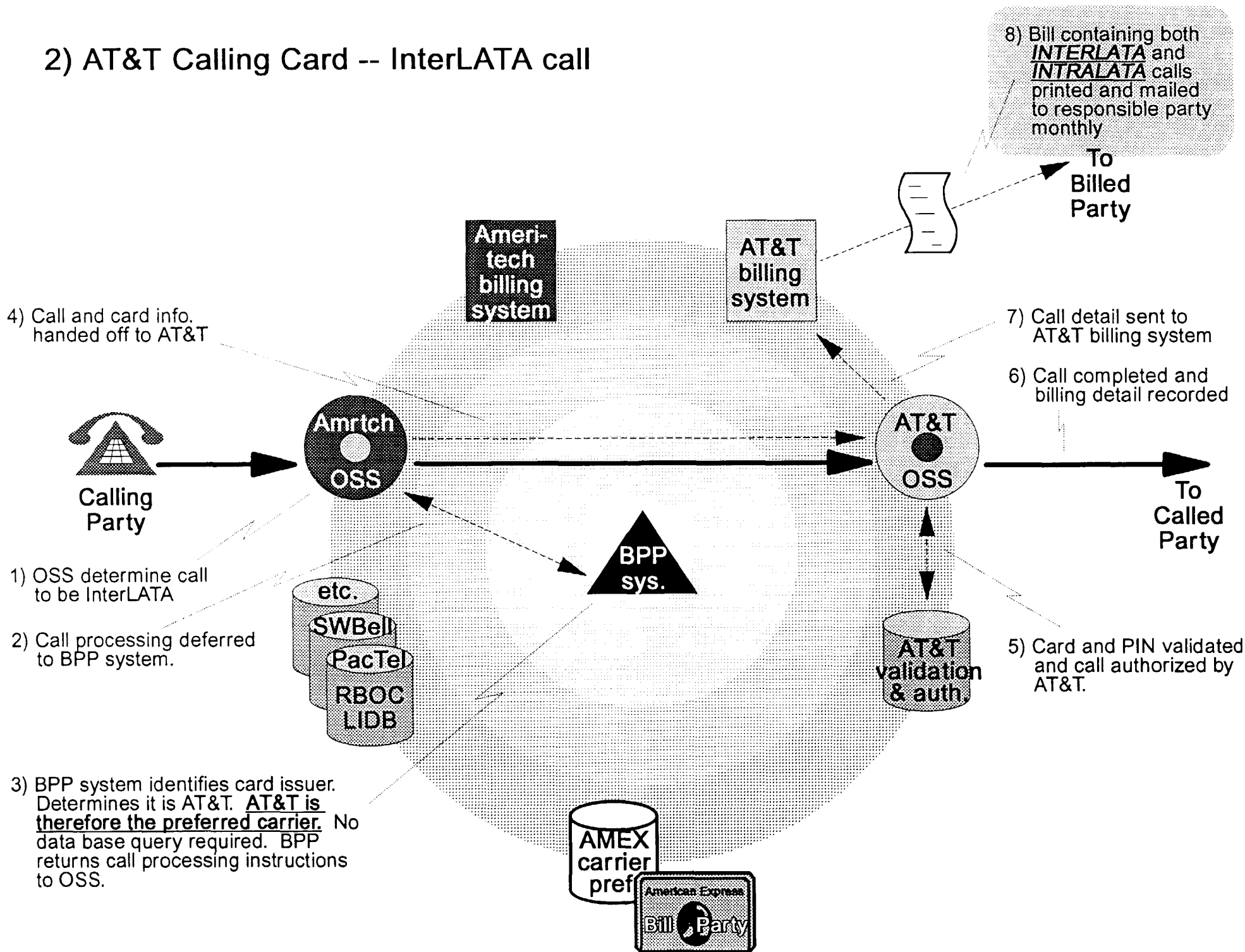
IV. The Third Level Of Uniformity: Dialing Parity.

- A. Requiring commercial credit card users to dial "prelimiters" will widen the gulf between them and users of line number and CIID formatted cards.
- B. A simple solution is for users of any card either to press "#" or to wait a few seconds for a time-out, as is done today for international calling with no inconvenience to callers.
- C. Such a solution will not only facilitate customer choice, it will in the longer run encourage the carriers to issue cards whose format conforms with ISO standards (as commercial credit cards do) rather than their own proprietary format.

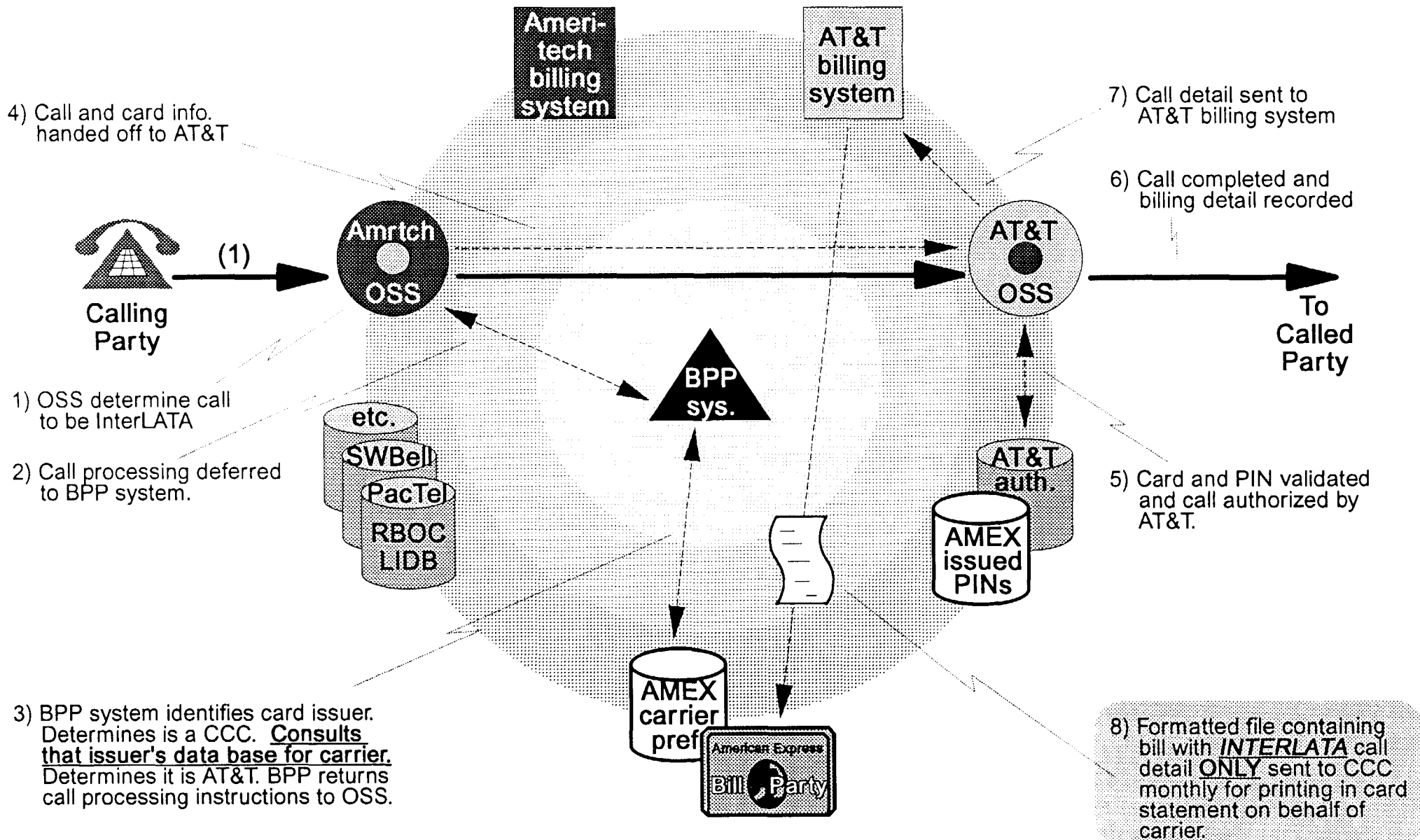
1) RBOC Calling Card -- InterLATA call



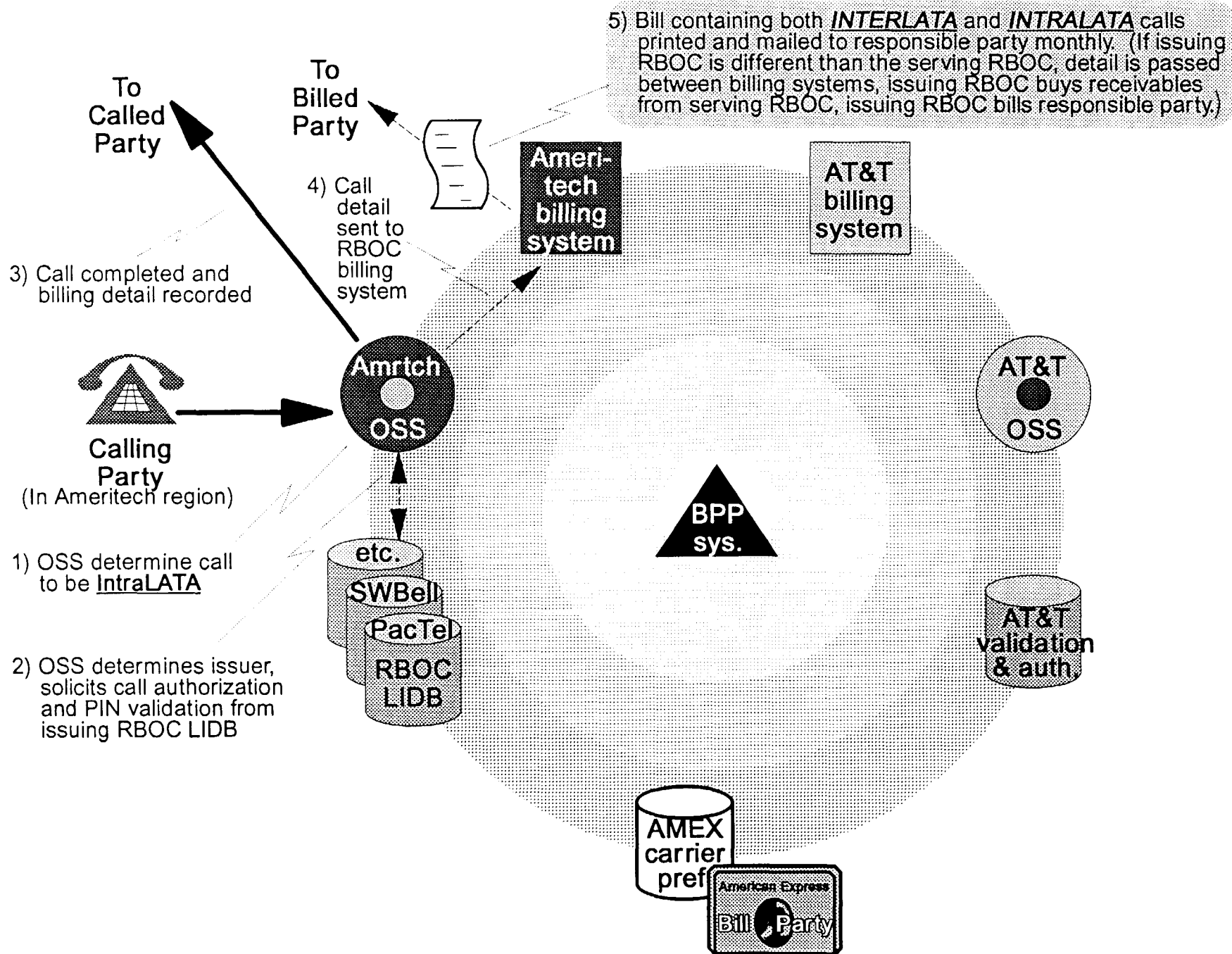
2) AT&T Calling Card -- InterLATA call



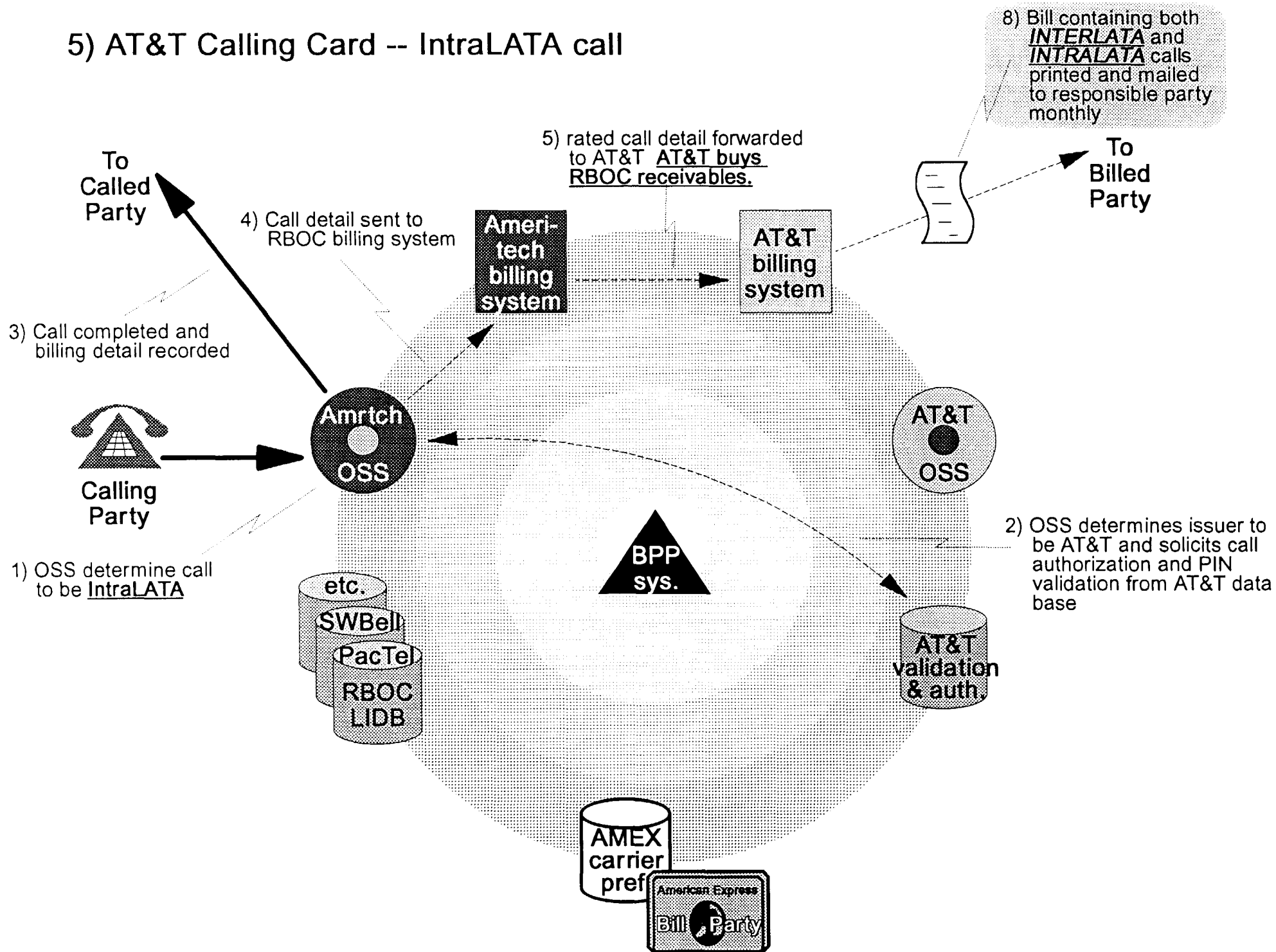
3) Commercial Credit Card -- InterLATA call



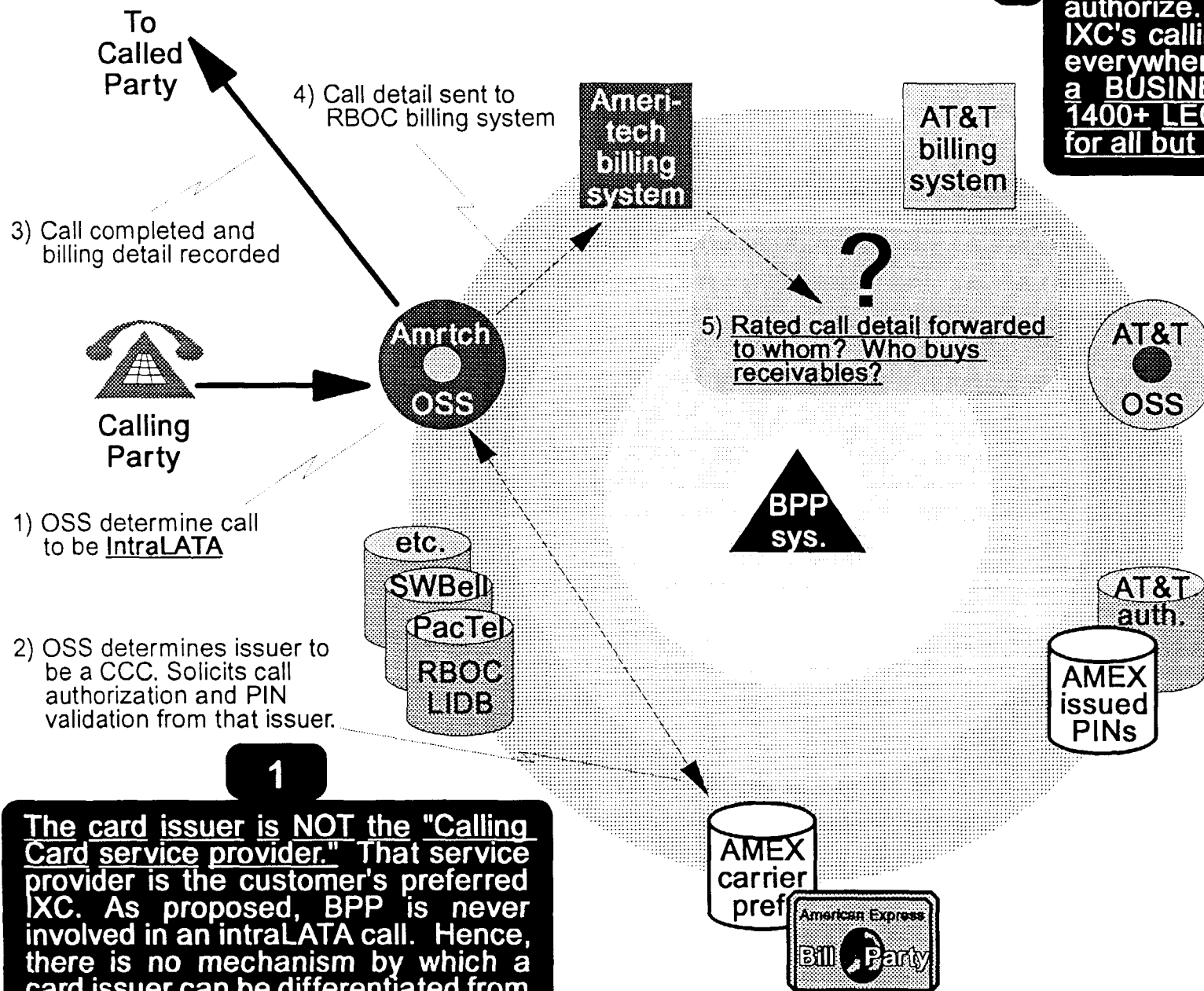
4) RBOC Calling Card -- IntraLATA call



5) AT&T Calling Card -- IntraLATA call



6) Commercial Credit Card -- IntraLATA call -- three fundamental problems --



1

The card issuer is NOT the "Calling Card service provider." That service provider is the customer's preferred IXC. As proposed, BPP is never involved in an intraLATA call. Hence, there is no mechanism by which a card issuer can be differentiated from the Calling Card service provider.

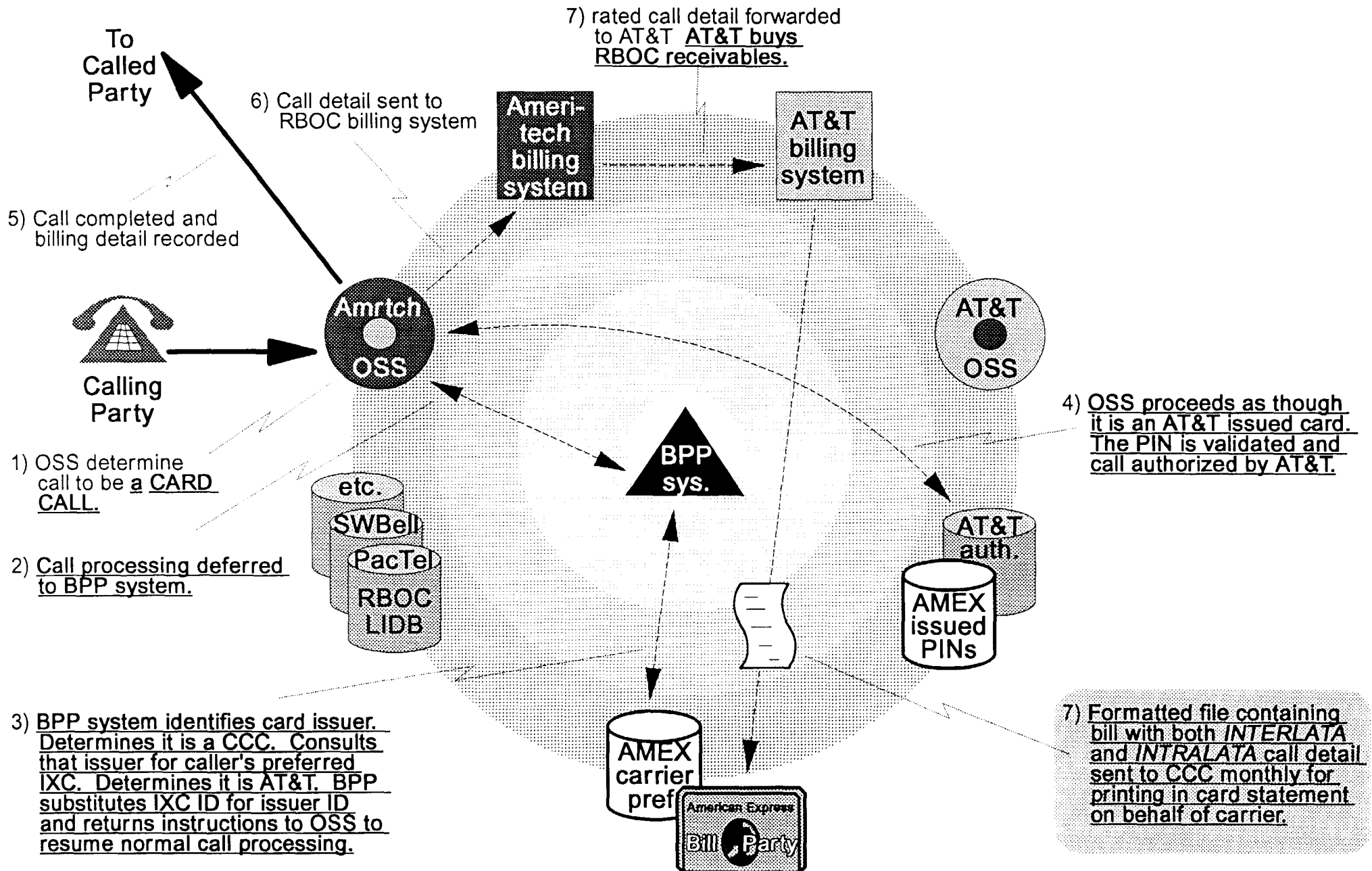
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Even if every intraLATA card process in the country were made capable of soliciting and substituting a carrier ID in place of the issuer ID, the Calling Card service provider will not buy receivables they did not directly authorize. Therefore, because the IXC's calling card must be accepted everywhere, a CCC MUST establish a BUSINESS relationship with all 1400+ LECs -- a virtual impossibility for all but the largest IXCs.

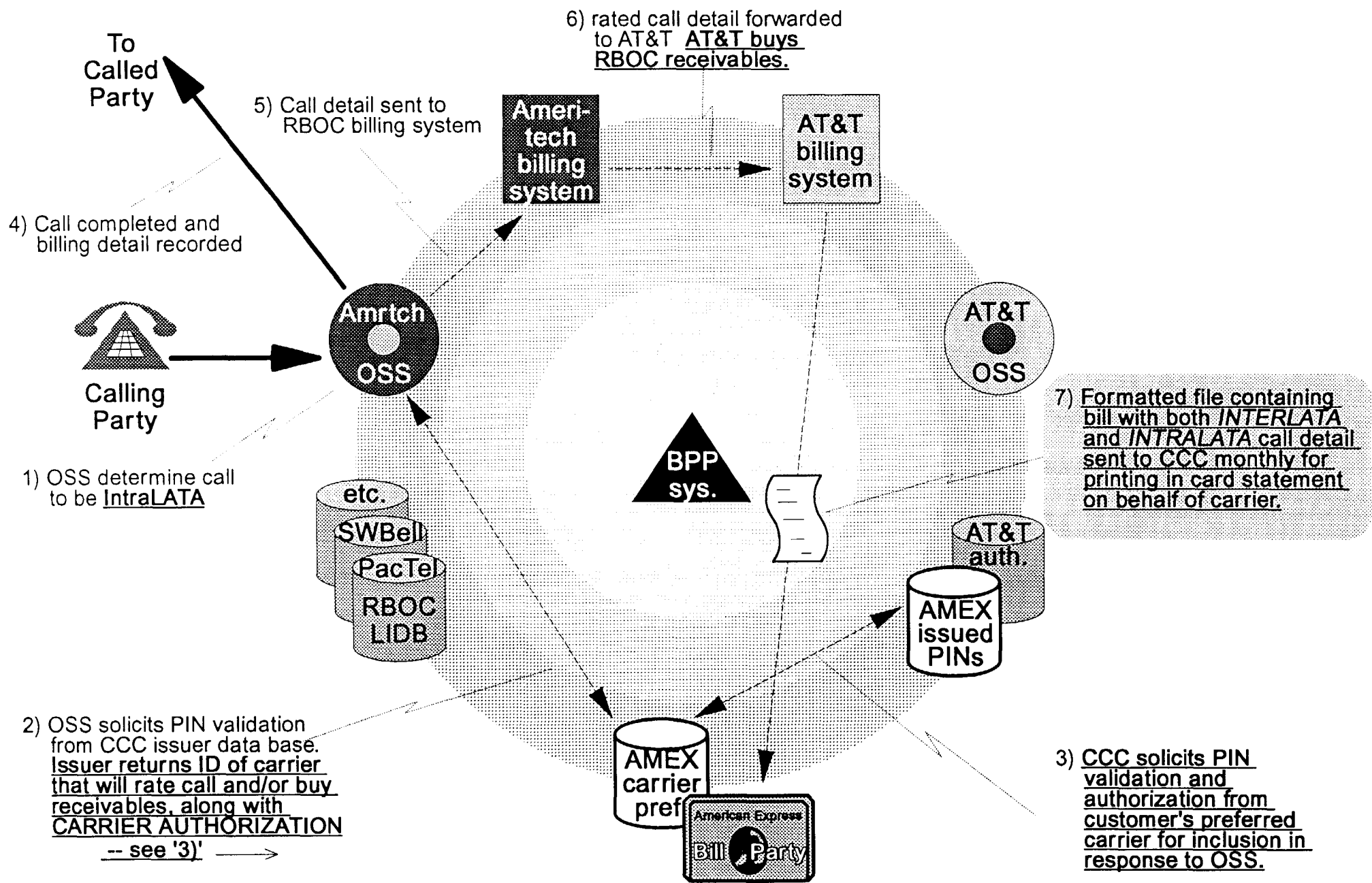
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Even if that was made possible somehow, the CCC would be required to individually authorize, as well as aggregate and format the call detail for every individual call from each LEC for inclusion with the IXC's interLATA calling card bill. This might be compared to a hotel's valet, laundry and housekeeping submitting their charges to the CCC separately - independent of basic room charges.

6a) Commercial Credit Card -- IntraLATA call -- Proposed solution --



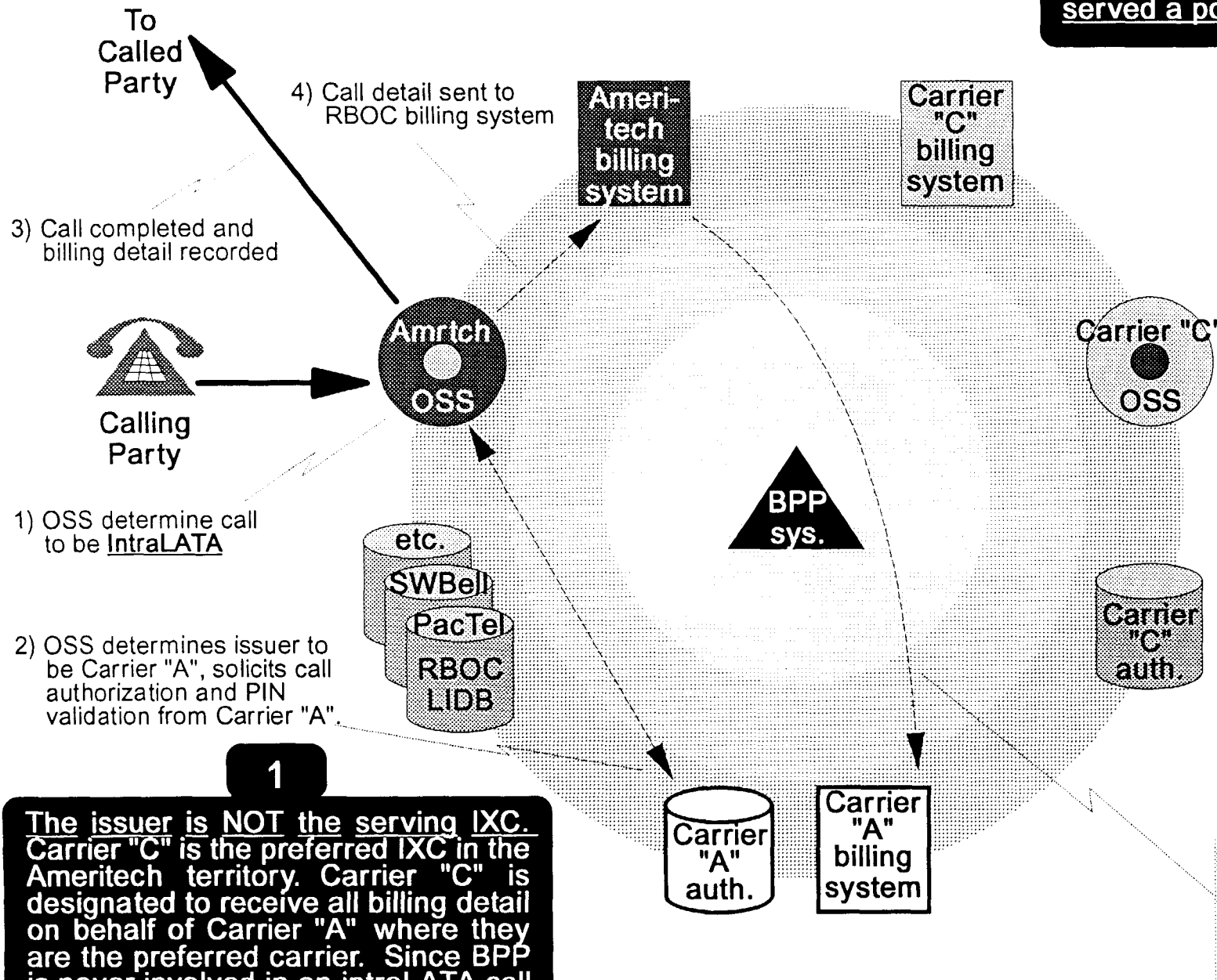
6b) Commercial Credit Card -- IntraLATA call -- Possible Solution --



**7) Multiple Regional IXC's
Supporting Each Other's Cards
-- very similar problems --**

2

Therefore, under BPP, all of the collaborating regional carriers would be forced to establish business relationships with all 1400+ LECs in order to offer a basic Calling Card service even though they each only served a portion of the US market.

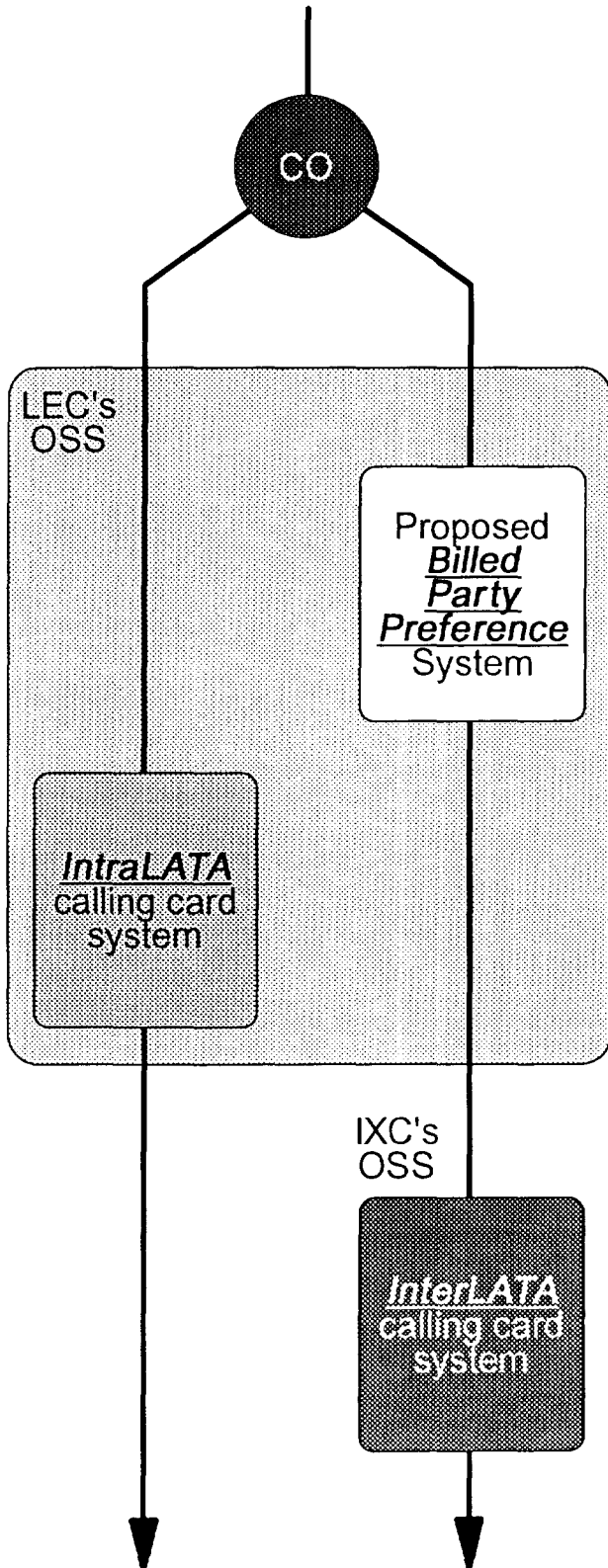


1

The issuer is NOT the serving IXC.
Carrier "C" is the preferred IXC in the Ameritech territory. Carrier "C" is designated to receive all billing detail on behalf of Carrier "A" where they are the preferred carrier. Since BPP is never involved in an intraLATA call there is no mechanism to identify "C"

6) rated call detail forwarded to Carrier "A". Carrier "A" buys RBOC receivables. Assumes Carrier "A" has such a relationship with each and every LEC.

Card Calls



Card Calls

